Audit's® MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

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MARKET STRATEGY: DISCOUNTED ASSET PLAYS STILL WAY TO GO AT MARKET TURNING POINT

We believe the market is on the verge of turning up, fueled by lower interest rates. The move may be fully as historic as the August 1982 turn in interest rates that triggered a major bull market move. We sense rates will move down despite the fact most influential economic opinion sees higher rates ahead ("sharply higher" in the words of widely followed Henry Kaufman).

This outcome is still in doubt and any number of events could bring about the consensus forecast. But U.S. short rates have weakened lately and evidence is strong that the next big move of rates could well be down. We do not see this as wishful thinking but rather the logical outcome of some key trends:

--There still is no clear push for a return to double digit inflation; wage settlements are stable to down and there is no pressure for higher oil prices (absent a Middle East blowup).

--Interest rates are falling in many nations and British rates are now below U.S. rates <u>for the first time since World War II</u>.

--Most nations in the world are trying to reduce debt (with the possible exception of the U.S. where politicians are trying to slow the rate of growth in national debt). Outside the U.S., the banks' main job is to find qualified national borrowers. And while giant credits to finance takeovers have attracted wide attention, many U.S. companies are trying to reduce debt.

It's against this broad backdrop that we feel that real estate stocks will be beneficiaries of the next rate move, which we believe will be down. We continue to accumulate good stocks selling at discounts from appraised or breakup value, as recommended in our Asset Play Master List (see RSR, March 23). But the accumulation of discount stocks is more than just a short-term market play; rather it's a core strategy which your editor will develop in detail in a speech to the Tsai Forum scheduled next week as you read this. Here's an advance look at the major ideas we'll be discussing (full text will be available shortly afterward if you'll send a self-addressed stamped (37¢) envelope):

Discounts, Delusions, and Deals, or You Don't Have to be an Insider. Under this topic, we'll make these points:

Discounts are a widely known and established market phenomenon. Nearly all realty asset owning stocks sell at discounts from their appraised (or current or breakup) values, so you don't have to be an insider to spot them. This discount is akin to the discount at which most closed-end investment company stocks trade altho they hold portfolios of easily liquidated securities.

DEPARTMENTS INSIDE

STOCK REVIEWS THIS ISSUE

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Their discount exists because of potential tax consequences, management costs, and many other technical reasons.

These reasons are magnified for real estate asset owners because of the long time and exposure to market changes involved in liquidating their portfolios; appraisals typically say true values are within a 10% plus-or-minus range. Hence the discount for realty stocks is larger than for investment companies. That makes opportunity.

But finding reliable information on appraised values is difficult; only a handful of companies publish estimates of their values for investors (all are listed in RSR, on page 7 this issue). But beginning this issue we are including in this list several companies and REITs for which we believe we can estimate current values reasonably accurately (see Washington REIT and Property Trust of Amer. this issue). In recent weeks two national magazines, Business Week and Fortune have published net asset values derived from brokerage firm reports; these values are generally not much different than our own. Their publication has accelerated investor attention to these discounts.

At the present time the average discount for REITs is about 25% of publicly available values for REITs and about 35% for non-REITs because of the wider diversity in their assets. Put another way, market price is 75% and 65% of current value estimates.

Delusions refers to the fact that most investors view these discounts in two delusive ways:

1. With nostalgia. In the middle 1970s when all real estate stocks were severely depressed, many stocks sold at 50% to 75% discounts from true values; now that spreads have narrowed to 25%-35%, they wait for return of those good old days.

We think such a price collapse isn't likely for many many years. And nostalgia overlooks fact that the gain from 75% to 100% of appraised value, or par, means a 33% price increase; if a stock sells at 65% of par, the gain is 54%.

2. With skepticism. Since the gap has existed for years, they fear it never will be closed. This fear that appreciation will never be realized has been reversed into a key selling reason for the finite-life trusts which pledge to liquidate in 8-12 years. But the discount has tended to narrow for both realty stocks and investment companies over the longer term.

Deals are the logical outgrowth of these market forces. Last year investors saw United Realty Investors and RAMPAC bought up. This year General Growth Properties and American Equity Investment Trust have already agreed to accept offers for their assets at prices well above their pre-offer stock prices.

It's important to understand reasons for these deals. United Realty was sold because it was the only way two large holders could resolve their differences. RAMPAC was bought by its largest shareholder after trustees had agreed to accept an unsolicited third-party leveraged buyout. General Growth is being sold because its largest shareholders are amenable to a good sellout price. Ditto for American Equity, whose largest shareholder and manager has been at odds with a smaller shareholder.

In all instances, major shareholders cannot resist the pressure to realize their gains when the spread between stock market price and appraised or breakup value becomes too large. This is probably the main reason the discount will continue to be closed for existing REITs and property companies.

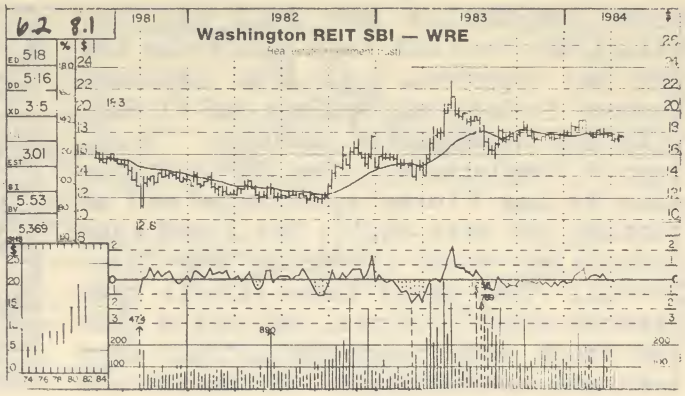
Thus we think there's no doubt that buying quality realty stocks at today's discount is a core investment strategy. Deals will continue to proliferate, although we cannot predict when or where. As we noted in reviewing First Union RE last issue, such stocks provide about 15%-16% growth, about 7%-8% yield, plus the near certainty that the discount will be closed over time.

RANKING REVIEWS; THREE REITS HOLD RANK, L&N HOUSING, AMERICANA HOTELS RANKED B

We've reviewed Rankings of five REITs the past three weeks and are holding three even and according an initial B Rank to two. One new REIT has no Rank. Rankings normally are reviewed yearly when 5-year trends are clear (see p. 8).

Washington REIT holds A Rank and gets our vote for the liveliest annual report of 1983. The cover asks, "Is WRIT guilty of unfair competition?" and answers in mock seriousness with "complaints" that in 1983 it was merciless toward competition, took unfair advantage of low cost capital, and pulled off a $14.7 mil. heist at the Washington Circle Inn by selling the Inn for quintuple its original cost and $1.49/sh. gains. Along the way Pres. B.F. Kahn gets in some digs at financial analysts ("Basing analysis solely upon quarter-to-quarter or year-to year comparisons tends to make business managers look better after they lose their shirts"). The verdict: WRIT is "guilty of possessing lethal 15-year compound annual growth rates per share of 15.4% on net income from operations and 21.5% on total net income." Kahn then pleads for mercy saying his flight of fancy was "caused by boredom from reading unbearably dull and ponderous financial reports, his own included." The exercise dramatizes WRE's superior long-term record: WRE earned $1.28/sh. from operations in 1983, up 25%, before the $1.49/sh. property sale gain.

Assets: WRE owns $62 mil. cost properties, all but one in the Washington, D.C. area, divided approx. one-third each in three categories: seven shopping centers with 485,000 SF; four offices w/ 559,000 SF; five apartments with 1,412 DU; plus four distribution centers. Operating income rose 22% for offices, 13% for apartments and shopping centers last year. Lease rollovers have aided results and WRE has major leases expiring thru this June at its largest single property, the GBS office in Rockville, Md. We believe most apartments have condo potential. Overall we believe WRE properties' current net value equals about $26.50/sh.



Finances: As Mr. Kahn's whimsy suggests, WRE has $13.4 mil. debt, all fixed rate mortgages, a low 0.3 times equity at historic cost and about 0.1 times our estimated current value. Liquidity is excellent with $2.30/sh. cash and substantial unused borrowing power. WRE historically has guarded liquidity until truly unique purchase opportunities appear. With EPS and dividends growing at 15%-plus compounded rates over any period you name -- 5, 10 or 15 years -- WRE is an authentic growth pick where again we see about a 23%-24% annual return (growth plus 8% dividend) over two-three years. Shs. have been in a holding pattern but at $17.75 seem ready to break upward; Buy long-term.

Property Trust of America also holds A Rank with a strong EPS and dividend increase. PTRAS earned 84¢ sh. from operations in 1983, unchanged on more shares outstanding; property sale gains added 38¢ for $1.22 total. Operating CFS of $1.02 sh. fell 3%. The dividend was recently increased to $1.20 annual rate, where it's likely to stay thru 1984.

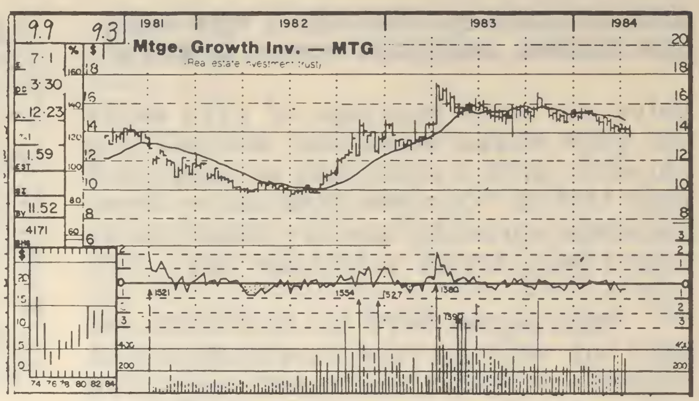
Assets: El Paso based PTRAS focuses upon Southwestern properties, mainly in Texas (62%), Color. (35%), Ariz. and Calif. Okla. acquisitions are possible. PTRAS sold most mortgages in 1981-82 and has used proceeds of a March 1983 stock offer to buy new properties and expand existing ones. Properties at net book value of $37.9 mil. are 45% shopping centers (9 centers with 658,000 SF); 29% apartments (3 projects with 848 DU); 11% industrial warehouses; 8% office; 3% hotel; 5% other. During 1983 PTRAS bought two strip centers near Denver

with 206,000 SF for $8.5 mil. or $41.25/SF; initial cash yield was 10% and has improved. It also expanded centers in Colorado Springs and El Paso with new supermarket anchors. In El Paso it completed building 288-DU expansion to Las Flores apartments and is renting one unit daily; 10% fixed rate industrial bond financing was used. Overall PTRAS feels these efforts have created about $7.5 mil. new value with the stock sale proceeds. PTRAS says internal estimates put its current net asset value near $19 sh.; we believe it is near $18.50/sh.

Finances & Results: Debt of $13.8 mil. is 0.4 times $31.9 mil. equity at cost ($8.84/sh.) and 0.2 times current value estimates. Cash is about $1.66 sh. and additional capital raising can't be ruled out. Startup and leasing costs at Las Flores will negatively impact first half results but a stronger second half should bring cash flow to about $1.05 sh. PTRAS has built an excellent foundation for future property growth and we see about 10%-12% annual EPS/CFS growth over the longer term plus 8.5% yield. At $13.75, shs. are about 24% below our value estimate; buy L-T.

Mortgage Growth Investors keeps A Rank with a 16% operating EPS gain to $1.16/sh. and continued strong finances. Operating EPS has grown at 12.3% annually the past five years. Property sale gains added 12¢ in the Nov. 1983 year and sale gains have added $1.39/sh. to income over the last five years. Dividends have risen at 12% yearly and were 6% capital gains last year.

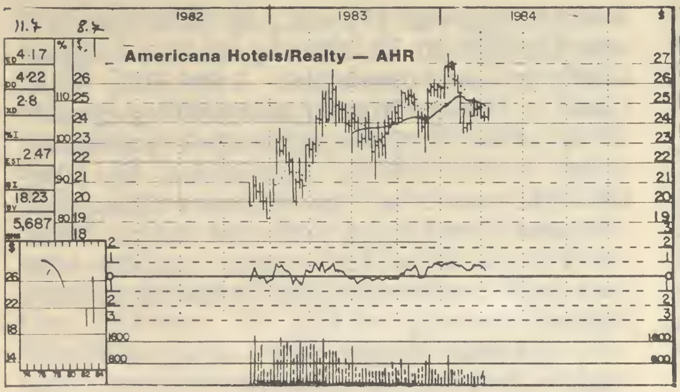
Assets: MTG has now disposed of most assets from its mortgage lending days and aims to buy unleveraged underachieving properties in targeted medium sized cities where rent increases over a 5-7 year holding can boost values. As an active investor, MTG will sometimes take a leveraged lending position or act as general partner in deals laying off tax shelter to other investors. Some part of gains are realized as purchase money mortgages are paid. Assets of $52.2 mil. are 52% mortgages (half loans with equity features, half purchase money loans with $1.82 sh. deferred profit); and 48% properties including 36% invest-

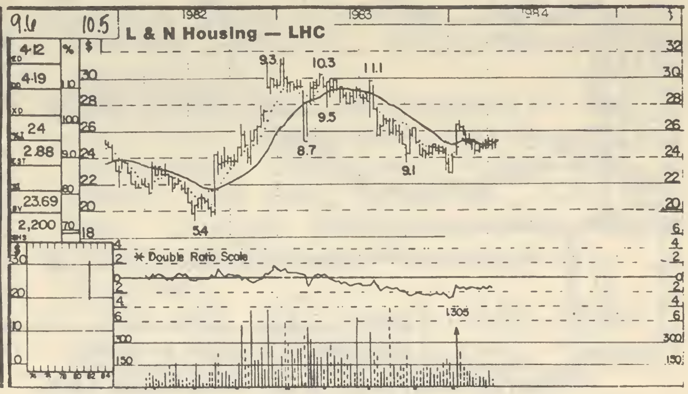


ment properties (two apartments under complex sale contracts carrying large deferred gains), 5% partnerships, 6% foreclosures held for sale (mainly Laurel, Md. townhouse land being sold in installments). By property type 58% are apartments, 16% industrial, 13% office, 5% shopping center. Locations are 21% Calif., 19% Mich., 13% La., 12% Va.

Finances & Results: Debt of $14.3 mil. is 0.3 times shareholders equity of $51.4 mil. or $12.33/sh. To this we add $1.09 accumulated depreciation and $1.82 deferred gain, and estimated $3/sh. other unrealized gain for about $18.25/sh. estimated current value. MTG earned 47¢ in the Feb. qtr., including 3¢ sale gains and 11¢ contingent interest; total income could be in the $1.50 range for '84. Yielding 10% and with about 10%-12% growth, shs. at $14.38 are non-volatile L-T buys.

MSA Realty Corp. joins RSR coverage this issue (bonds only, stock next issue) as the newest REIT. It's the REIT vehicle for Melvin Simon & Assoc., Indianapolis, second largest U.S. shopping center developer, mainly of non-mall centers. MSA sold 2.44 mil. shs., 1.21 mil. wts. (in units of 1 sh. & 0.5 wt.), plus $75 mil. subordinated debentures with 8.33 mil. wts. Mar. 29. All told (subject to overallotments) MSA has 9.5 mil. wts. exercisable at $9 thru Apr. 1, 1989 (none are separately tradable now). MSA will use net proceeds of about $92 mil. to buy existing 590,000 SF Crossroads Mall in Omaha; build Ross Park Mall (660,000 SF) near Pittsburgh; and build three Illinois strip centers (Burbank, 225,000 SF; Elgin, 300,000 SF; Waukegan, 260,000 SF). Overall MSA will





own 2.1 mil. SF (59% mall space). Nominal book value will be $16.77/sh. but $9.10 relates to large warrant discounts, leaving $7.68/sh. hard book over $75 mil. face amount of debt. Thus shs. will be well leveraged shopping center plays with a warrant fillip.

Americana Hotels & Realty Corp. is given an initial B Rank after its first full year operation. AHR earned $2.09/sh., and declared $2.11 in 1983; comparisons aren't meaningful. Mar. qtr. EPS was 60¢ and practice has been to pay 100% of EPS (RSR shows EPS and dividends for a trailing 12 mon. instead of annualizing latest quarter).

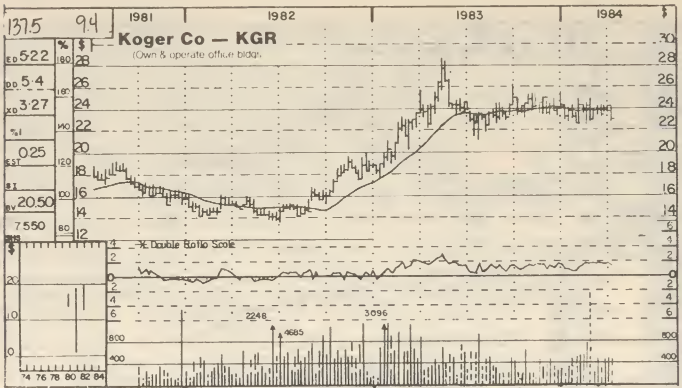
Assets: AHR holds $118.3 mil. subordinated mortgages, other loans and land leasebacks on 21 hotels with 7,040 rms.; about half are convention/resort hotels, half full service commercial units. Fourteen hotels with 5,011 rms. (71%) were bought from the sponsor/manager, Americana Hotels Corp., owned by super-rich Bass Bros. Enterprises. Another 2,029 rms. were bought June 1983 from FMI Financial. The manager, AHC, has agreed to support cash returns on $70.4 mil. related debt out of its management fee to the extent of 14.9% in 1983 increasing by 1.1% annually; such support amounted to 14¢ sh. in 1983 and the increment could add another 14¢ sh. in 1984. At $24.25 paying an annualized $2.40 supported by the Bass Bros., shs. are L-T and S-T buys for income and growth.

L&N Housing Corp. gets B Rank after its second year's operation. LHC earned and paid $2.60/sh. in 1983, down 19%. But Mar. EPS was 90¢, up 45% on 28¢ sale gains (see below). Dividend rose to 70¢ including 7¢ capital gains.

Assets: LHC is an unleveraged equity kicker lender (via first mortgage leasehold loans) on selected new Sunbelt apartments (Tex., Col., Ga., Fla.). LHC seeks current cash return typically 12.5%, plus (a) deferred interest typically 2%; (b) contingent land rent typically 25% of rent increases, and (c) typically a 50% share in land value increases. It has agreed to finance 9 projects with 1,519 DU at average investment of $30,045/DU. In Dec. LHC's first apartment investment went full cycle: a Dallas area apartment loan was paid in full with LHC getting unbooked interest and receivables of 11¢ sh. and selling the land for 28¢ gain payable over the next four qtrs. LHC's yield equaled 21% annually. If this works nine more times, LHC will move from yield to growth stock category. The market seems to be catching on (witness the saucer pattern in recent trading) and shs. at $25 become strong longer-term buys.

RANKING REVIEW: TWO INVESTMENT BUILDERS POST GAINS; KOGER CO. WINS A RANKING

Koger Co. is upgraded to A Rank this issue with strong CFS and dividend gains in 1983. KGR illustrates the wide divergences that can arise between generally accepted (GAAP) accounting and various ways of computing real estate cash flow. KGR earned 17¢ sh. from operations, up from 4¢ under GAAP. Net cash flow from operations is put at $1.95/sh., up 27% and equaling dividends declared. The KGR number includes 65¢ of deferred items (50¢ deferred interest and discount amortization on real estate



Charts courtesy R.W. Mansfield Co.

appreciation notes, and 15¢ deferred income taxes) which RSR does not include in its statistical tables (so that RSR's $1.30/sh. cash flow number for KGR is comparable with other companies). Such deferrals have to be paid sooner or later and it's important for investors to recognize that current dividends are supported by deferrals. The good part is that all of KGR dividends the past two years have been tax-free return of capital and shareholders lower their cost basis of shares accordingly.

Assets: KGR buys completed and leased suburban office buildings from related Koger Properties Inc., the builder/developer. KGR owns 3.78 mil. SF (96% leased for average four years) in Sunbelt cities: Austin, Charlotte, El Paso, Greensboro, Greenville, Jacksonville, Orlando San Antonio, St. Petersburg, Tallahassee & Tulsa. KGR has sold $40 mil. 9% real estate appreciation notes with base interest paid in cash plus additional interest accrued based upon an outside appraiser's valuation of designated indexed properties; additional interest is payable every six years at holders' option or added to principal; one series has right to receive interest in shares. Additional interest accrued was $6.7 mil. or 89¢sh. at year-end. Outside property appraisal produced RSR-adjusted current value of $23.53/sh. at year-end, down 2% because of more shares outstanding. KGR benefits from a superior development and leasing organization; Shs. at $23.00 have been in a 9-mon. trading range (chart) and are L-T buys for yield and appreciation.

Rouse Co. keeps A Rank with good CFS and dividend gains. EPS under GAAP accounting was 67¢ sh., up 81%; net CFS was 67¢, down 4% mainly due to higher mortgage amortization. Like KGR, ROUS shows a higher "funds provided by operations after mortgage principal payments" which works out to $1.42/sh., up 20%; the difference is 59¢ deferred taxes and 15¢ amortization of deferred costs. This net CFS is after 63¢ equity buildup via mortgage paydowns. ROUS boosted common payout recently to 92¢.

Current Value: ROUS was the first realty company to publish current values and so its value has wide credibility. This year ROUS posted current value of $40.13/sh., up 27% for the year and rising at 22.9% the past five years. ROUS now includes non-realty items of value of its mortgage servicing portfolio ($2.08/sh.) and value of contingent interests in shopping centers it manages ($1.60/sh.). Current value of deferred income taxes is marked up $1.20/sh. but the tax liability could be $3.77/sh. higher because ROUS takes credit for tax benefits of "future, unnamed" projects. All this means that the "real" current value of owned property, in a breakup, looks like about $32.70/sh. ROUS's current value number is important however because shs. have sold at or above posted current value at some time during each of the past five years -- or 26% above current prices.

Assets & operations: ROUS owns or manages 61 retail shopping centers with 37.8 mil. SF; 55% or 20.9 mil. SF is owned by anchor stores and 3.1 mil. SF of mall space is managed under contract, leaving ROUS with ownership interests in 13.8 mil. SF. Projects are either major suburban malls or, in recent years, large in-town urban developments (South St. Seaport in NYC, Faneuil Hall Marketplace in Boston, etc.) Occupancy is over 96% and retail sales averaged $168/SF last year, up 7%. Earnings before non-cash charges for centers rose 18.7%, in line with long-term growth. As the premier shopping center commitment, shs. at $32.50, shs. are holds/buys.

RANKING REVIEWS: LENNAR AND M.D.C. CORP. HOLD RANK WITH STRONG SHOWINGS

Lennar Corp. holds B Rank with a strong turnaround in EPS & sales. EPS rose 78%

to 91¢ sh. in its Nov. '83 year but this is still only one-third of LEN's peak $2.70 in 1980. Dividend held at 20¢. Feb. qtr. EPS more than doubled to 25¢, up 115% and backlog rose 52% to 1,090 DU. LEN delivered 1,468 DU in fiscal 1983, including joint ventures, up 82%, attributing the rebound to better markets and mortgage availability. Fla. provided 72% of sales, Ariz. 26%, and the Midwest 2%. Average price was $63,500, up 3%. LEN's Doral Park joint venture delivered the first of its higher priced homes, and LEN began two new ventures, PGA National in Palm Beach County (3,400 potential DU) and Huckleberry near Orlando (potential 6,800 DU). LEN also continues to build at Kings Point retirement community in Broward County. Debt is a low 1.0 times equity. Shs. at $13 have firmed below $14.38 book value and merit speculative buying.

M.D.C. Corp. stays at A Rank off a strong EPS showing, up 59% to a record $1.05/sh. on a 100% sales increase. Known mainly as a Denver area builder, MDCO ended 1983 by buying Fla. and Ariz. operations of Olin Corp. MDCO delivered 1,180 DU in 1983, up 81%, with two months sales from the acquired units contributing 95 DU or 8%. Sales were 57% detached homes, 43% attached. MDCO also sold 2,550 Denver homesites for $24.5 mil. and $6.9 mil. gross profit. MDCO continues to boost market share in Denver and should be a strong competitor in new areas, which should add $50 mil.-plus sales in 1984. With stable to lower rates, EPS could be $1.40. Although down, shs. at $9.00 have longer term growth merit.

NEW HIGHS & LOWS: NEW LOWS BALLOON TO 34, VS. FOUR NEW HIGHS IN WEAK MARKET

New 52-week highs and lows by category thru April 11 are:

NEW HIGHS (4)

Gr.1&2-Prop. & Comb. REITs (1): Amer. Equity,
Gr.4&5-Bldrs/Dev. (1): Amrep Corp.
Gr.6-Income Prop. (1): Southwest Rlty.
Gr.8-Diversified (1): DMG, Inc.

NEW LOWS (34)

Gr.1-Prop.REIT (1): Pitts. & WVa. RR.
Gr.2-Comb.REIT (2): Cenvill, Mtg. Grow.
Gr.3-Mtg. REITs (5): Lomas & Net. Mtg., MONY Mtg., PNB Mtg., Realty ReFund, Wedgestone Rlty.
Gr.4&5-Bldrs/Dev.(14): Campanelli, Cenvill Dev., CheezemDev., Dev.Cp.Amer., Genl.Homes, L.B.Nelson, Pulte Home, Radice, Ryan Home, Ryland Gr., U.S. Cap., U.S.Hone, Univ.Dev., Writer Corp.
Gr.6-Prop. Owners (2): Towermarc, Unicorp Amer.
Gr.7-Mtg.Bank (3): Country.Credit, FNMA, Lomas & Net. Fincl.
Gr.8-Diversified (1): Southmark Corp.
Gr.10-Mfg.Hsg. (6): Champion, Fleetwood, GoldenWs, Redman, RiverOaks, Zimmer.

APPRAISED ASSET VALUE COMPARISONS

QUALIFIED REITS	DATE	APPRAISED VALUE/ SHARE	% PRICE TO APP. VALUE
AM EQUITY INV #	12/83	$25.76	-20.4%
BANKAMER RLTY	7/83	$28.50a	-12.3%
CALIFORNIA REI#	12/82	$15.11	-29.6%
CLEVETRUST RLTY	9/83	$24.00b	-34.9%
COMMONWLTH RLT#	11/82	$17.00	-42.6%
FIRST UNION RE#	12/83	$32.40	-29.8%
INTL INCOME PR#	12/83	$11.79	-25.8%
IRT PROPRTY CO#	12/83	$24.50b	-21.9%
JMB REALTY	8/83	$38.68	-12.1%
MORTGAGE GROWTH#	11/83	$18.25b	-21.9%
NEW PLAN RL TR#	7/83	$13.85	-16.0%
PROPTY TR AMER#	12/83	$18.50b	-25.7%
REIT AMER INC #	10/83	$58.03	-39.3%
SANTA ANITA	12/83	$23.98	-2.0%
UNIVERSITY RE	12/82	$9.00	-48.6%
USP RL EST INV#	12/83	$15.57	-34.2%
WASH RE (WRIT)#	12/83	$26.50b	-34.0%
WELLS FARGO M&E	6/83	$29.64a	-11.4%
AVERAGE			-25.6%
OPERATING COMPANIES			
BAY FINCL CORP	5/83	$25.92	-32.0%
CARLSBERG CORP	5/83	$18.78	-62.7%
KOGER CO #	12/83	$23.53	-2.3%
ROUSE CO #	12/83	$40.13	-19.6%
SAUL (BF) REIT	9/83	$20.42	-31.4%
SOUTHWEST RLTY#	7/83	$24.30	-40.3%
AVERAGE			-31.3%

Appraised market values of net assets (i.e., properties held) are either reported publicly by companies or estimated by RSR (see note b). Values are estimated by management and concurred in by independent appraisers except for: Koger Co. values set by independent appraisers; New Plan Realty, management estimate only. Share values are fully diluted.
a-Entity has not revalued mortgages.
b-Estimated by RSR; not confirmed by Trust or Co.

CONVERTIBLE DEBENTURES

DEBENTURE	EX	INT (%)	MAT	MIL $ OUT	CONV AT	SH(000) RESERVD	RECENT PRICE	YIELD (%)	CONV PARITY	STOCK PRICE
AMER CENTY'B	NY	6.75	'91	9.81	16.72	586	79.00	8.5	13.20	11.00
ATL METRO	OC	6.75	'91F	7.33	6.79	1079	58.00	11.6	3.93	1.13
BANKAMER RLT	NY	9.50	'00	3.50	17.44	201	135.00	7.0	23.54	25.00
BANKAMER RLY	NY	9.50	'08	50.00	31.00	1612	96.00	9.9	29.76	25.00
CENTENNIAL	OC	7.00	'86	2.09	16.67	125	81.00	8.6	13.50	1.25
CENTENNIAL*	OC	7.00	'86	2.09	16.67	125	81.00	8.6	13.50	1.88
FED NATL MTG	NY	4.37	'96	27.60	19.63	1406	78.00	5.6	15.31	14.13
FIRST UNION	NY	10.00	'06	28.24	17.33	1629	125.00	8.0	21.66	22.75
FLA GULF	OC	10.75	'01	14.95	11.00	1359	135.00	8.0	14.85	14.50
KOGER PROPS	NY	9.25	'03	20.00	29.75	672	89.00	10.4	26.47	22.38
LOM&NET FIN	NY	9.75	'08	109.35	24.25	4509	101.00	9.7	24.49	19.50
MASSMUTL M&R	NY	7.00	'00	6.76	20.00	338	79.00	8.9	15.80	15.88
MASSMUTL MTG	NY	6.75	'90	3.26	21.00	155	88.50	7.6	18.58	15.88
MASSMUTUAL M	NY	6.25	'91	6.00	33.50	179	69.00	9.1	23.11	15.88
MONY MTG IN	NY	7.00	'90	4.91	11.00	447	78.50	8.9	8.63	7.50
NEW PLAN RLY	AS	9.75	'98	25.00	12.00	2083	107.00	9.1	12.84	11.63
PENN REIT	AS	9.75	'03	35.00	25.50	1372	110.00	8.9	28.05	27.50
PNB MTG	AS	6.75	'91	3.06	18.31	167	75.50	8.9	13.82	12.88
PROPERTY CAP	OC	9.75	'08	40.00	38.00	1052	96.00	10.2	36.48	31.63
PULTE HOME	AS	8.50	'08	59.99	23.75	2525	87.00	9.8	20.66	15.25
PUNTA GORDA	AS	6.00	'92	14.00	19.50	717	68.00	8.8	13.26	8.63
REALTY INCOM	AS	8.00	'91	12.93	16.50	783	84.00	9.5	13.86	7.00
REIT AMER	AS	8.00	'93	50.12	50.00	1002	83.00	9.6	41.50	35.25
RYAN HOMES	AS	6.00	'91	6.25	30.50	205	117.00	5.1	35.68	23.75
SAUL (BF) RL	OC	6.50	'91	23.24	23.00	1010	71.00	9.2	16.33	14.00
TRECO INC	OC	8.50	'98	4.33	1.62	2674	185.00	4.6	2.99	3.06
TRI-SO INV	NY	7.00	'92F	5.81	29.50	197	64.00	10.9	18.88	5.25
US HOME	NY	5.50	'96	4.72	11.98	393	91.50	6.0	10.96	8.13
WASH CORP	OC	6.50	'91	11.56	23.28	496	56.00	11.6	13.03	2.38
WELLS FARGO	NY	12.00	'05	27.89	25.03	1114	110.50	10.9	27.65	26.25

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. DEF=IN DEFAULT. F=TRADES FLAT, WITHOUT ACCRUED INTEREST. PH=PHILADELPHIA EXCHANGE. PS=PACIFIC EXCHANGE. *-CONVERTS INTO PREFERRED SHARES.

STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MATURITY	MIL $	PRICE	% YIELD
AMER CONTNL-A	OC	10.75	8/1/90	125.0	85.00	12.6
AMER PAC-B	PS	16.25	9/30/94	4.4	98.00	16.6
BAY COLONY PROP-B	PS	8.50	3/15/89	13.8	81.00	10.5
CAMPANELLI-B	AS	12.88	7/1/94	14.5	83.13	15.5
DEV CP AM-C	AS	10.00	3/1/93	5.3	74.00	13.5
DEV CP AMER-C	AS	12.00	7/31/94	9.2	74.63	16.1
FAIRFIELD-C	AS	15.13	2/15/97	20.0	100.00	15.1
FPA CORP-C	AS	14.50	9/1/00	25.0	95.63	15.2
GRUBB & ELL-B	PS	8.50	12/3/87	15.3	88.63	9.6
GULFSTREAM-A	AS	14.25	6/15/95	30.0	100.50	14.2
INST INVESTOR-B	OC	8.25	2/1/87	4.8	79.00	10.4
INTEGRATED-B	AS	12.88	5/15/99	15.4	90.75	14.2
INTEGRTD RES-B	NY	8.63	4/15/97	85.0	68.00	12.7
KAUFMN&BRD-C	NY	12.25	1/15/99	33.4	81.50	15.0
MDC CORP-C	OC	7.00	4/15/93	64.0	65.00	10.8
MSA REALTY-C	AS	9.25	4/1/93	75.0	99.00	9.3
ORIOLE HOME-A	AS	12.63	6/1/97	20.0	93.75	13.5
ORIOLE HOME-C	AS	12.88	7/15/00	25.0	87.00	14.8
REALTY REFUND-A	NY	11.38	11/1/98	20.0	78.13	14.6
REALTY REFUND-C	NY	12.00	5/15/98	15.0	83.50	14.4
SMI INVSTR-A	AS	14.00	11/1/87	9.9	98.50	14.2
TRECO-C	OC	6.75	9/1/91	5.3	56.00	12.1
US HOME	NY	10.00	8/15/87	33.7	90.88	11.0
US HOME-A	NY	12.75	1/15/89	49.5	98.00	13.0

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. VJ-BANKRUPTCY REORGANIZATION. DEF-IN DEFAULT. F-TRADES FLAT, WITHOUT ACCRUED INTEREST.

REALTY STOCK GROUP ACTION SUMMARY

GROUP NUMBER & NAME	DIV	NON-DIV	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV	EARN ANN	LAST PRICE	-% CHNG FROM-- MAR 20	JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
1 PROPERTY REITS	33	0	33	3407	12.35	1.38	1.13	18.79	1.6	3.5	16.6	7.3	52.1	9.2	2156.6
2 PROP & MTG COMB REITS	10	1	11	3882	14.02	1.63	2.32	18.35	4.2	1.0	7.9	8.9	31.0	16.6	356.7
3 MORTGAGE REITS	14	2	16	4658	16.00	1.70	1.77	16.08	-0.7	-5.5	9.1	10.6	0.5	11.1	1305.4
4 MAJOR HOMEBUILDERS	8	3	11	12868	15.79	0.29	2.26	17.59	-8.2	-21.8	7.8	1.6	11.4	14.3	2034.7
5 OTHER BLDRS/DEVELOPERS	8	28	36	4775	6.53	0.06	0.35	8.09	-5.5	-8.7	22.9	0.8	24.0	5.4	1333.0
6 INCOME PROP BLDR/OWNR	13	15	28	8446	8.69	0.44	1.04	13.40	0.2	-4.8	12.9	3.3	54.3	12.0	1663.0
7 MORTGAGE BANKER/FINANCE	7	5	12	11573	8.17	0.23	1.20	10.30	-2.4	-16.9	8.6	2.2	26.1	14.6	1680.7
8 DIVERSFIED RLTY&HOLDING	8	11	19	9832	5.56	0.14	0.95	11.43	-1.3	1.4	12.1	1.3	105.6	17.0	1406.8
9 RLTY SVCS/SYNDICATOR	4	4	8	5660	7.10	0.07	1.40	11.89	-0.4	-13.0	8.5	0.6	67.4	19.7	520.1
10 MANUFACTURED HOUSING	4	4	8	13152	5.14	0.15	0.64	9.39	-12.1	-23.7	14.6	1.6	82.9	12.5	1034.3
L LIQUIDATING COS			2	8752	1.64	4.50	2.03	2.51	0.2	74.0	1.2	179.6	53.2	123.9	53.9
OVERALL AVERAGE			184	6899	9.73	0.63	1.13	13.46	-1.4	-5.9	11.9	4.7	38.3	11.7	14045.2
DOW JONES INDUSTRIALS							72.45	1138.30	-3.2	-9.6	15.7	4.9			

NOTE: LIQUIDATING COMPANIES INCLUDED ONLY IN COMPANY AND MARKET VALUE AGGREGATES; NOT INCLUDED IN OVERALL AVERAGES.

REALTY STOCK RANKINGS

REALTY STOCK REVIEW has developed its exclusive Rankings of real estate stocks to indicate relative quality of historic track record for investors. Rankings from "A" to "E", shown in the third column from left in the statistical tables above, are assigned based upon our analysis of five-year earnings and dividend trends, financial strength and liquidity, and management record. Being historical, Rankings are not based upon current price and thus are not intended as recommendations.

An asterisk (*) denotes stocks which cannot be ranked because of insufficient (generally less than two years) operating history in present form or incomplete data. (Z) denotes entities which currently retain Audit or its investment banking affiliate, Campbell & Dillmeier, for specific assignments; and entities for which we are acting as non-retainer intermediary for a publicly announced proposed transaction during the transaction's pendency. (L) denotes liquidating entities, which are not ranked. Rankings and Buy-Sell-Hold advices given without regard to whether the entity subscribes to RSR. Stock prices of REITs tend to be less volatile than stocks of operating companies, hence generally are better suited for longer-term.

BUY - SELL - HOLD ADVICES

Buy - Sell - Hold advices are summarized in the first two left-hand columns in the statistical tables, as "B" = Buy; "H" = Hold; "S" = Sell or Avoid. When two advices are combined (e.g., "B/H"), accent is upon the first advice. Advices are reviewed each issue and advice changes are underlined. Advices are classed as Short-Term ("S/T") for holding less than one year; and Long-Term ("L/T") for one to three years. No advices are given during pendency of a proposed equity-type security offering, or during pendency of an assignment involving Audit or its investment banking affiliate (see "Z" left). Advices are given for most widely held and active stocks, but we cannot advise at all times on thinner, less active stocks. No advices are given for convertibles, warrants or preferreds, which depend upon underlying common.

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